

Message Text

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STADIS //

FOR STERN AND BENNETT ONLY FROM SNEIDER

E.O. 11652: GDS

TAGS: EFIN, KS

SUBJECT: EXIMBANK

1. I HAD VERY USEFUL TALK WITH DUBRUL AT EXIM SEPT. 16
AND FOUND HIM STILL POSITIVELY INCLINED TOWARD KOREA.
HOWEVER, HE IS VERY CAUTIOUS ABOUT MAKING ANY SPECIFIC
COMMITMENTS AT THIS TIME.

2. FOLLOWING ARE SPECIFICS THAT I PICKED UP FROM DUBRUL:

(A) EXIM NO LONGER HAS UNDER CONSIDERATION AMOCO
SAMSUNG PROPOSAL, SINCE FINANCING HAS BEEN ARRANGED IN
EUROPE WITH EUROPEAN SOURCES FOR MACHINERY INVOLVED.

(B) DUBRUL HAS ALREADY LOOKED INTO PROBLEMS INVOLVED FOR
EXIM IF KORI II CHANGED TO 900 MEGAWATT UNIT AND HAS
FOUND THAT THERE ARE NO SERIOUS BUREAUCRATIC HURDLES
OR FURTHER CONGRESSIONAL ACTION REQUIRED. YANG (KOREAN
EMBASSY) WAS INFORMED SEVERAL WEEKS AGO.

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(C) ON MOST CONFIDENTIAL BASIS, WESTINGHOUSE HAS SOUNDED

OUT EXIM REGARDING POSSIBILITY OF CUTTING OUT BRITISH FROM KORI II CONTRACT. IF THIS DONE, COST OF REACTOR COULD BE CUT BELOW \$1200 PER KILOWATT, BUT ADDITIONAL FINANCING OF UP TO \$150 MILLION MIGHT BE REQUIRED. EXIM TOLD WESTINGHOUSE THAT IN PRINCIPLE IT WOULD NOT OBJECT. GIVEN DELICACY OF WESTINGHOUSE-BRITISH RELATIONS ON KORI I PARTICULARLY, ABOVE INFORMATION MUST BE HELD VERY CLOSELY.

(D) EXIM MOST ANXIOUS TO MOVE AHEAD WITH LONG TERM PLANNING ON POWER AND AWAITING KOREAN PRESENTATION. THEIR BASIC PRINCIPLE IS TO FIRST CONSIDER TECHNICAL FACTORS AND THEN FINANCIAL IMPLICATIONS. EXIM FEELS THAT IF TECHNICAL AND ECONOMIC CONSIDERATIONS ARE SOUND, FINANCING COULD BE WORKED OUT. IT IS CRITICAL OF ROK'S PUTTING FINANCIAL CONSIDERATIONS FIRST.

(E) EXIM FEELS THAT ROK'S REALIZE THAT THEY MAY HAVE MADE SOME MISTAKES ALREADY ON TECHNICAL GROUNDS AND HEARS THAT BECHTEL MAY BE GETTING CONTRACT TO PROVIDE TECHNICAL ADVICE TO KECO ON ITS POWER STRATEGY.

(F) DUBRUL HAS SOUNDED OUT WALL STREET CONTACTS ON PERSONAL REPEAT PERSONAL BASIS REGARDING FIXED INTEREST LOAN FLOATATION BY KOREAN GOVERNMENT. HE FEELS THAT TIME IS NOT YET RIPE AND ROKG WOULD BE REQUIRED PAY TEN-AND-HALF PERCENT INTEREST NOW. ON OTHER HAND, BY NEXT SPRING, IF KOREAN ECONOMY MAINTAINS PRESENT PACE, CLIMATE WOULD BE BETTER IN NEW YORK TO FLOAT LOAN AT LOWER FIXED INTEREST.

3. GIVEN SENSITIVITY SOME OF THE ABOVE INFORMATION, PLEASE HANDLE IT APPROPRIATELY.

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